

ENTERED

September 29, 2021

Nathan Ochsner, Clerk

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

KENT VAUGHN, <i>et al</i> ,	§	CIVIL ACTION NO.
Plaintiffs,	§	4:17-cv-02749
	§	
	§	
vs.	§	JUDGE CHARLES ESKRIDGE
	§	
	§	
HARRIS COUNTY	§	
HOSPITAL DISTRICT	§	
<i>d/b/a</i> HARRIS COUNTY	§	
HEALTH SYSTEM, <i>et al</i> ,	§	
Defendants.	§	

**ORDER ADOPTING
MEMORANDUM AND RECOMMENDATION**

Defendant Harris County Hospital District is a public hospital system providing care for indigent and nonindigent patients in Harris County, Texas. Dkt 29 ¶¶ 25, 36. Defendant Harris County Clinical Services is a nonprofit umbrella organization composed of private hospitals in Harris County, Texas. Id at ¶ 26. Defendant Affiliated Medical Services is a non-profit health system organization composed of Baylor College of Medicine and the UT Health Science Center. Id at ¶ 43. Several affiliate Defendants were previously voluntarily dismissed from this action. See id at ¶¶ 26–43 (amended complaint), 129 (notice of dismissal).

Plaintiff (and Relator) Kent Vaughn is a former employee of HCHD, where he served as the Associate Administrator for Provider Practices and Contracting from 2010 until his termination in February 2016. Id at ¶ 25. His duties included overseeing and amending contractual relationships between HCHD, AMS, and HCCS. Ibid. Vaughn claims that his termination was in retaliation for attempts to bring to light an

alleged scheme between Defendants to divert Medicaid funds for their own financial benefit. Id at ¶¶ 5, 281.

The details of that scheme needn't be specified here. But what's important is that Vaughn claims to have uncovered the scheme during the course of his employment, while consistently attempting to address his concerns with those involved—for which he was ultimately terminated. Id at ¶¶ 179–200.

Vaughn brought this case as the relator in a *qui tam* action under the False Claims Act on behalf of the United States pursuant to 31 USC § 3729 *et seq.* Id. The action was transferred to this Court in October 2019. Dkt 88. It was referred in October 2020 to Magistrate Judge Sam Sheldon to administer pretrial matters. Dkt 145.

HCHD and certain other related Defendants moved to dismiss the claim by Vaughn for retaliation as inadequately pleaded. Dkt 123. Judge Sheldon issued a Memorandum and Recommendation in August 2021 recommending that the motion to dismiss be denied. Dkt 167.

A district court conducts “a *de novo* review of those portions of the report or specified proposed findings or recommendations to which objection is made.” 28 USC § 636(b)(1)(C). But where there has been no objection to the ruling of the magistrate judge, the district court reviews the report and recommendation for “clear error, abuse of discretion and contrary to law.” *US v Wilson*, 864 F2d 1219, 1221 (5th Cir 1989) (quotation omitted).

None of the parties filed objections. The pleadings, record, applicable law, and recommendations have been reviewed. No clear error or abuse of discretion appears on the face of the record, and the findings are not contrary to applicable law.

The Memorandum and Recommendation by the Magistrate Judge is ADOPTED as the Memorandum and Order of this Court. Dkt 167.

The motion to dismiss the claim by Plaintiff Kent Vaughn for retaliation is DENIED. Dkt 123.

SO ORDERED.

Signed on September 29, 2021, at Houston, Texas.

A handwritten signature in black ink, reading "Ch R Eskridge II". The signature is written in a cursive, stylized font. The "Ch" is connected to "R", which is connected to "Eskridge". The Roman numeral "II" is written at the end of the signature.

Hon. Charles Eskridge
United States District Judge